Adopted Rejected

## **COMMITTEE REPORT**

YES: 8 NO: 5

## MR. SPEAKER:

Your Committee on <u>Insurance, Corporations and Small Business</u>, to which was referred <u>House Bill 1546</u>, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

1	Delete everything after the enacting clause and insert the following:
2	SECTION 1. IC 5-10-8-1, AS AMENDED BY P.L.13-2001,
3	SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4	JULY 1, 2003]: Sec. 1. The following definitions apply in this chapter:
5	(1) "Employee" means:
6	(A) an elected or appointed officer or official, or a full-time
7	employee;
8	(B) if the individual is employed by a school corporation, a
9	full-time or part-time employee;
10	(C) for a local unit public employer, a full-time or part-time
11	employee or a person who provides personal services to the
12	unit under contract during the contract period; or
13	(D) a senior judge appointed under IC 33-2-1-8;
14	whose services have continued without interruption at least thirty

1	(30) days.
2	(2) "Group insurance" means any of the kinds of insurance
3	fulfilling the definitions and requirements of group insurance
4	contained in IC 27-1.
5	(3) "Insurance" means insurance upon or in relation to human life
6	in all its forms, including life insurance, health insurance,
7	disability insurance, accident insurance, hospitalization insurance,
8	surgery insurance, medical insurance, and supplemental medical
9	insurance.
10	(4) "Local unit" includes a city, town, county, township, public
11	library, or school corporation. For purposes of section 6.7 of this
12	chapter, the term includes a state educational institution (as
13	defined in IC 20-12-0.5-1).
14	(5) "New traditional plan" means a self-insurance program
15	established under section 7(b) of this chapter to provide health
16	care coverage.
17	(6) "Public employer" means the state or a local unit, including
18	any board, commission, department, division, authority,
19	institution, establishment, facility, or governmental unit under the
20	supervision of either, having a payroll in relation to persons it
21	immediately employs, even if it is not a separate taxing unit. With
22	respect to the legislative branch of government, "public employer"
23	or "employer" refers to the following:
24	(A) The president pro tempore of the senate, with respect to
25	former members or employees of the senate.
26	(B) The speaker of the house, with respect to former members
27	or employees of the house of representatives.
28	(C) The legislative council, with respect to former employees
29	of the legislative services agency.
30	(7) "Public employer" does not include a state educational
31	institution (as defined under IC 20-12-0.5-1).
32	(8) "Retired employee" means:
33	(A) in the case of a public employer that participates in the
34	public employees' retirement fund, a former employee who
35	qualifies for a benefit under IC 5-10.3-8 or IC 5-10.2-4;
36	(B) in the case of a public employer that participates in the
37	teachers' retirement fund under IC 21-6.1, a former employee
38	who qualifies for a benefit under IC 21-6.1-5; and

1	(C) in the case of any other public employer, a former
2	employee who meets the requirements established by the
3	public employer for participation in a group insurance plan for
4	retired employees.
5	(9) "Retirement date" means the date that the employee has
6	chosen to receive retirement benefits from the employees'
7	retirement fund.
8	SECTION 2. IC 5-10-8-2.2, AS AMENDED BY P.L.286-2001,
9	SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10	JULY 1, 2003]: Sec. 2.2. (a) As used in this section, "dependent"
11	means a natural child, stepchild, or adopted child of a public safety
12	employee who:
13	(1) is less than eighteen (18) years of age;
14	(2) is eighteen (18) years of age or older and physically or
15	mentally disabled (using disability guidelines established by the
16	Social Security Administration); or
17	(3) is at least eighteen (18) and less than twenty-three (23) years
18	of age and is enrolled in and regularly attending a secondary
19	school or is a full-time student at an accredited college or
20	university.
21	(b) As used in this section, "public safety employee" means a
22	full-time firefighter, police officer, county police officer, or sheriff.
23	(c) This section applies only to local unit public employers and their
24	public safety employees.
25	(d) A local unit public employer may provide programs of group
26	health insurance for its active and retired public safety employees
27	through one (1) of the following methods:
28	(1) By purchasing policies of group insurance.
29	(2) By establishing self-insurance programs.
30	(3) By electing to participate in the local unit group of local units
31	that offer the state employee health plan under section 6.6 of this
32	chapter.
33	(4) By electing to participate in a group health insurance
34	program under section 6.7 of this chapter.
35	A local unit public employer may provide programs of group insurance
36	other than group health insurance for the local unit public employer's
37	active and retired public safety employees by purchasing policies of
38	group insurance and by establishing self-insurance programs. However,

the establishment of a self-insurance program is subject to the approval of the unit's fiscal body.

- (e) A local unit public employer may pay a part of the cost of group insurance for its active and retired public safety employees. However, a local unit public employer that provides group life insurance for its active and retired public safety employees shall pay a part of the cost of that insurance.
- (f) A local unit public employer may not cancel an insurance contract under this section during the policy term of the contract.
- (g) After June 30, 1989, a local unit public employer that provides a group health insurance program for its active public safety employees shall also provide a group health insurance program to the following persons:
  - (1) Retired public safety employees.

- (2) Public safety employees who are receiving disability benefits under IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-8, or IC 36-8-10.
- (3) Surviving spouses and dependents of public safety employees who die while in active service or after retirement.
- (h) A retired or disabled public safety employee who is eligible for group health insurance coverage under subsection (g)(1) or (g)(2):
  - (1) may elect to have the person's spouse, dependents, or spouse and dependents covered under the group health insurance program at the time the person retires or becomes disabled;
  - (2) must file a written request for insurance coverage with the employer within ninety (90) days after the person retires or begins receiving disability benefits; and
  - (3) must pay an amount equal to the total of the employer's and the employee's premiums for the group health insurance for an active public safety employee (however, the employer may elect to pay any part of the person's premiums).
- (i) A surviving spouse or dependent who is eligible for group health insurance under subsection (g)(3):
  - (1) may elect to continue coverage under the group health insurance program after the death of the public safety employee;
- (2) must file a written request for insurance coverage with the employer within ninety (90) days after the death of the public safety employee; and
- 38 (3) must pay the amount that the public safety employee would

1	have been required to pay under this section for coverage selected
2	by the surviving spouse or dependent (however, the employer may
3	elect to pay any part of the surviving spouse's or dependents'
4	premiums).
5	(j) A retired or disabled public safety employee's eligibility for
6	group health insurance under this section ends on the earlier of the
7	following:
8	(1) When the public safety employee becomes eligible for
9	Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.
10	(2) When the employer terminates the health insurance program
11	for active public safety employees.
12	(k) A surviving spouse's eligibility for group health insurance under
13	this section ends on the earliest of the following:
14	(1) When the surviving spouse becomes eligible for Medicare
15	coverage as prescribed by 42 U.S.C. 1395 et seq.
16	(2) When the unit providing the insurance terminates the health
17	insurance program for active public safety employees.
18	(3) The date of the surviving spouse's remarriage.
19	(4) When health insurance becomes available to the surviving
20	spouse through employment.
21	(l) A dependent's eligibility for group health insurance under this
22	section ends on the earliest of the following:
23	(1) When the dependent becomes eligible for Medicare coverage
24	as prescribed by 42 U.S.C. 1395 et seq.
25	(2) When the unit providing the insurance terminates the health
26	insurance program for active public safety employees.
27	(3) When the dependent no longer meets the criteria set forth in
28	subsection (a).
29	(4) When health insurance becomes available to the dependent
30	through employment.
31	(m) A public safety employee who is on leave without pay is entitled
32	to participate for ninety (90) days in any group health insurance
33	program maintained by the local unit public employer for active public
34	safety employees if the public safety employee pays an amount equal
35	to the total of the employer's and the employee's premiums for the
36	insurance. However, the employer may pay all or part of the employer's
37	premium for the insurance.
38	(n) A local unit public employer may provide group health

insurance for retired public safety employees or their spouses not covered by subsections (g) through (l) and may provide group health insurance that contains provisions more favorable to retired public safety employees and their spouses than required by subsections (g) through (l). A local unit public employer may provide group health insurance to a public safety employee who is on leave without pay for a longer period than required by subsection (m), and may continue to pay all or a part of the employer's premium for the insurance while the employee is on leave without pay.

SECTION 3. IC 5-10-8-2.6, AS AMENDED BY P.L.286-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2.6. (a) This section applies only to local unit public employers and their employees. This section does not apply to public safety employees, surviving spouses, and dependents covered by section 2.2 of this chapter.

- (b) A public employer may provide programs of group insurance for its employees and retired employees. The public employer may, however, exclude part-time employees and persons who provide services to the unit under contract from any group insurance coverage that the public employer provides to the employer's full-time employees. A public employer may provide programs of group health insurance under this section through one (1) of the following methods:
  - (1) By purchasing policies of group insurance.
  - (2) By establishing self-insurance programs.
    - (3) By electing to participate in the local unit group of local units that offer the state employee health plan under section 6.6 of this chapter.

## (4) By electing to participate in a group health insurance program under section 6.7 of this chapter.

A public employer may provide programs of group insurance other than group health insurance under this section by purchasing policies of group insurance and by establishing self-insurance programs. However, the establishment of a self-insurance program is subject to the approval of the unit's fiscal body.

(c) A public employer may pay a part of the cost of group insurance, but shall pay a part of the cost of group life insurance for local employees. A public employer may pay, as supplemental wages, an amount equal to the deductible portion of group health insurance as

long as payment of the supplemental wages will not result in the payment of the total cost of the insurance by the public employer.

- (d) An insurance contract for local employees under this section may not be canceled by the public employer during the policy term of the contract.
- (e) After June 30, 1986, a public employer shall provide a group health insurance program under subsection (g) to each retired employee:
  - (1) whose retirement date is:

- (A) after May 31, 1986, for a retired employee who was a teacher (as defined in IC 20-6.1-1-8) for a school corporation; or
- (B) after June 30, 1986, for a retired employee not covered by clause (A);
- (2) who will have reached fifty-five (55) years of age on or before the employee's retirement date but who will not be eligible on that date for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.;
- (3) who will have completed twenty (20) years of creditable employment with a public employer on or before the employee's retirement date, ten (10) years of which must have been completed immediately preceding the retirement date; and
- (4) who will have completed at least fifteen (15) years of participation in the retirement plan of which the employee is a member on or before the employee's retirement date.
- (f) A group health insurance program required by subsection (e) must be equal in coverage to that offered active employees and must permit the retired employee to participate if the retired employee pays an amount equal to the total of the employer's and the employee's premiums for the group health insurance for an active employee and if the employee, within ninety (90) days after the employee's retirement date files a written request with the employer for insurance coverage. However, the employer may elect to pay any part of the retired employee's premiums.
- (g) A retired employee's eligibility to continue insurance under subsection (e) ends when the employee becomes eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq., or when the employer terminates the health insurance program. A retired employee

who is eligible for insurance coverage under subsection (e) may elect to have the employee's spouse covered under the health insurance program at the time the employee retires. If a retired employee's spouse pays the amount the retired employee would have been required to pay for coverage selected by the spouse, the spouse's subsequent eligibility to continue insurance under this section is not affected by the death of the retired employee. The surviving spouse's eligibility ends on the earliest of the following:

- (1) When the spouse becomes eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.
- (2) When the employer terminates the health insurance program.
- (3) Two (2) years after the date of the employee's death.
- (4) The date of the spouse's remarriage.

- (h) This subsection does not apply to an employee who is entitled to group insurance coverage under IC 20-6.1-6-1(c). An employee who is on leave without pay is entitled to participate for ninety (90) days in any group health insurance program maintained by the public employer for active employees if the employee pays an amount equal to the total of the employer's and the employee's premiums for the insurance. However, the employer may pay all or part of the employer's premium for the insurance.
- (i) A public employer may provide group health insurance for retired employees or their spouses not covered by subsections (e) through (g) and may provide group health insurance that contains provisions more favorable to retired employees and their spouses than required by subsections (e) through (g). A public employer may provide group health insurance to an employee who is on leave without pay for a longer period than required by subsection (h), and may continue to pay all or a part of the employer's premium for the insurance while the employee is on leave without pay.

SECTION 5. IC 5-10-8-6.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 6.7.** (a) The state personnel department shall permit a local unit to elect to provide coverage of health care services for active and retired:

- (1) elected or appointed officers and officials;
- 37 (2) full-time employees; and
- 38 (3) part-time employees;

of the local unit by participating in the group health insurance program offered to active employees of the state.

- (b) The terms of coverage and premiums that apply to coverage elected under this section must be the same as the terms of coverage and premiums that apply to coverage for active employees of the state under the group health insurance program.
- (c) The state personnel department may charge to a local unit that elects to provide coverage under this section a fee not to exceed the cost of administering the local unit's coverage.
- (d) The state personnel department shall provide an annual opportunity for a local unit to elect to provide or terminate coverage under this section.
- (e) The state personnel department may adopt rules under IC 4-22-2 to establish minimum participation and contribution requirements for participation in a state employee health plan under this section.

SECTION 6. IC 20-5-2-2, AS AMENDED BY P.L.286-2001, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. In carrying out the school purposes of each school corporation, its governing body acting on its behalf shall have the following specific powers:

- (1) In the name of the school corporation, to sue and be sued and to enter into contracts in matters permitted by applicable law.
- (2) To take charge of, manage, and conduct the educational affairs of the school corporation and to establish, locate, and provide the necessary schools, school libraries, other libraries where permitted by law, other buildings, facilities, property, and equipment therefor.
- (2.5) To appropriate from the general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based upon the school corporation's previous year's average daily membership (as defined in IC 21-3-1.6-1.1) for the purpose of promoting the best interests of the school corporation by:
- (A) the purchase of meals, decorations, memorabilia, or awards;
- (B) provision for expenses incurred in interviewing job

applicants; or

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(C) developing relations with other governmental units.

(3) To acquire, construct, erect, maintain, hold, and to contract for such construction, erection, or maintenance of such real estate, real estate improvements, or any interest in either, as the governing body deems necessary for school purposes, including but not limited to buildings, parts of buildings, additions to buildings, rooms, gymnasiums, auditoriums, playgrounds, playing and athletic fields, facilities for physical training, buildings for administrative, office, warehouse, repair activities, or housing of school owned buses, landscaping, walks, drives, parking areas, roadways, easements and facilities for power, sewer, water, roadway, access, storm and surface water, drinking water, gas, electricity, other utilities and similar purposes, by purchase, either outright for cash (or under conditional sales or purchases money contracts providing for a retention of a security interest by seller until payment is made or by notes where such contract, security retention, or note is permitted by applicable law), by exchange, by gift, by devise, by eminent domain, by lease with or without option to purchase, or by lease under IC 21-5-10, IC 21-5-11, or IC 21-5-12. To repair, remodel, remove, or demolish any such real estate, real estate improvements, or interest in either, as the governing body deems necessary for school purposes, and to contract therefor. To provide for energy conservation measures through utility energy efficiency programs or under a guaranteed energy savings contract as described in IC 36-1-12.5.

(4) To acquire such personal property or any interest therein as the governing body deems necessary for school purposes, including but not limited to buses, motor vehicles, equipment, apparatus, appliances, books, furniture, and supplies, either by outright purchase for cash, or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where such contract, security, retention, or note is permitted by applicable law, by gift, by devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove, relocate, and demolish such personal property. All purchases and contracts delineated under the powers given under subdivision (3) and this subdivision shall be subject

solely to applicable law relating to purchases and contracting by municipal corporations in general and to the supervisory control of agencies of the state as provided in section 3 of this chapter.

- (5) To sell or exchange any of such real or personal property or interest therein, which in the opinion of the governing body is not necessary for school purposes, in accordance with IC 20-5-5, to demolish or otherwise dispose of such property if, in the opinion of the governing body, it is not necessary for school purposes and is worthless, and to pay the expenses for such demolition or disposition.
- (6) To lease any school property for a rental which the governing body deems reasonable or to permit the free use of school property for:
  - (A) civic or public purposes; or

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(B) the operation of a school age child care program for children aged five (5) through fourteen (14) years that operates before or after the school day, or both, and during periods when school is not in session:

if the property is not needed for school purposes. Under this subdivision, the governing body may enter into a long term lease with a nonprofit corporation, community service organization, or other governmental entity, if the corporation, organization, or other governmental entity will use the property to be leased for civic or public purposes or for a school age child care program. However, if the property subject to a long term lease is being paid for from money in the school corporation's debt service fund, then all proceeds from the long term lease shall be deposited in that school corporation's debt service fund so long as the property has not been paid for. The governing body may, at its option, use the procedure specified in IC 36-1-11-10 in leasing property under this subdivision.

(7) To employ, contract for, and discharge superintendents, supervisors, principals, teachers, librarians, athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-6.1-3), business managers, superintendents of buildings and grounds, janitors, engineers, architects, physicians, dentists, nurses, accountants, teacher aides performing noninstructional

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duties, educational and other professional consultants, data processing and computer service for school purposes, including but not limited to the making of schedules, the keeping and analyzing of grades and other student data, the keeping and preparing of warrants, payroll, and similar data where approved by the state board of accounts as provided below, and such other personnel or services, all as the governing body considers necessary for school purposes. To fix and pay the salaries and compensation of such persons and such services. To classify such persons or services and to adopt schedules of salaries or compensation. To determine the number of such persons or the amount of services thus employed or contracted for. To determine the nature and extent of their duties. The compensation, terms of employment, and discharge of teachers shall, however, be subject to and governed by the laws relating to employment, contracting, compensation, and discharge of teachers. The compensation, terms of employment, and discharge of bus drivers shall be subject to and shall be governed by any laws relating to employment, contracting, compensation, and discharge of bus drivers. The forms and procedures relating to the use of computer and data processing equipment in handling the financial affairs of such school corporation shall be submitted to the state board of accounts for approval to the end that such services shall be used by the school corporation when the governing body determines that it is in the best interests of the school corporation while at the same time providing reasonable accountability for the funds expended.

(8) Notwithstanding the appropriation limitation in subdivision (2.5), when the governing body by resolution deems a trip by an employee of the school corporation or by a member of the governing body to be in the interest of the school corporation, including but not limited to attending meetings, conferences, or examining equipment, buildings, and installation in other areas, to permit such employee to be absent in connection with such trip without any loss in pay and to refund to such employee or to such member his reasonable hotel and board bills and necessary transportation expenses. To pay teaching personnel for time spent in sponsoring and working with school related trips or activities.

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(9) To transport children to and from school, when in the opinion of the governing body such transportation is necessary, including but not limited to considerations for the safety of such children and without regard to the distance they live from the school, such transportation to be otherwise in accordance with the laws applicable thereto.

- (10) To provide a lunch program for a part or all of the students attending the schools of the school corporation, including but not limited to the establishment of kitchens, kitchen facilities, kitchen equipment, lunch rooms, the hiring of the necessary personnel to operate such program, and the purchase of any material and supplies therefor, charging students for the operational costs of such lunch program, fixing the price per meal or per food item. To operate such lunch program as an extracurricular activity, subject to the supervision of the governing body. To participate in any surplus commodity or lunch aid program.
- (11) To purchase textbooks, to furnish them without cost or to rent them to students, to participate in any textbook aid program, all in accordance with applicable law.
- (12) To accept students transferred from other school corporations and to transfer students to other school corporations in accordance with applicable law.
- (13) To levy taxes, to make budgets, to appropriate funds, and to disburse the money of the school corporation in accordance with the laws applicable thereto. To borrow money against current tax collections and otherwise to borrow money, in accordance with IC 20-5-4.
- (14) To purchase insurance or to establish and maintain a program of self-insurance relating to the liability of the school corporation or its employees in connection with motor vehicles or property and for any additional coverage to the extent permitted and in accordance with IC 34-13-3-20. To purchase additional insurance or to establish and maintain a program of self-insurance protecting the school corporation and members of the governing body, employees, contractors, or agents of the school corporation from any liability, risk, accident, or loss related to any school property, school contract, school or school related activity, including but not limited to the purchase of insurance or the

establishment and maintenance of a self-insurance program protecting such persons against false imprisonment, false arrest, libel, or slander for acts committed in the course of their employment, protecting the school corporation for fire and extended coverage and other casualty risks to the extent of replacement cost, loss of use, and other insurable risks relating to any property owned, leased, or held by the school corporation. To:

- (A) participate in a state employee health plan under IC 5-10-8-6.6;
- (B) purchase insurance; or

(C) establish and maintain a program of self-insurance; or

## (D) participate in a group health insurance program under IC 5-10-8-6.7;

to benefit school corporation employees, which may include accident, sickness, health, or dental coverage, provided that any plan of self-insurance shall include an aggregate stop-loss provision.

- (15) To make all applications, to enter into all contracts, and to sign all documents necessary for the receipt of aid, money, or property from the state government, the federal government, or from any other source.
- (16) To defend any member of the governing body or any employee of the school corporation in any suit arising out of the performance of his duties for or employment with, the school corporation, provided the governing body by resolution determined that such action was taken in good faith. To save any such member or employee harmless from any liability, cost, or damage in connection therewith, including but not limited to the payment of any legal fees, except where such liability, cost, or damage is predicated on or arises out of the bad faith of such member or employee, or is a claim or judgment based on his malfeasance in office or employment.
- (17) To prepare, make, enforce, amend, or repeal rules, regulations, and procedures for the government and management of the schools, property, facilities, and activities of the school corporation, its agents, employees, and pupils and for the operation of its governing body, which rules, regulations, and procedures may be designated by any appropriate title such as

1	"policy handbook", "bylaws", or "rules and regulations".
2	(18) To ratify and approve any action taken by any member of the
3	governing body, any officer of the governing body, or by any
4	employee of the school corporation after such action is taken, if
5	such action could have been approved in advance, and in
6	connection therewith to pay any expense or compensation
7	permitted under IC 20-5-1 through IC 20-5-6 or any other law.
8	(19) To exercise any other power and make any expenditure in
9	carrying out its general powers and purposes provided in this
0	chapter or in carrying out the powers delineated in this section
. 1	which is reasonable from a business or educational standpoint in
2	carrying out school purposes of the school corporation, including
3	but not limited to the acquisition of property or the employment
4	or contracting for services, even though such power or
5	expenditure shall not be specifically set out herein. The specific
6	powers set out in this section shall not be construed to limit the
7	general grant of powers provided in this chapter except where a
8	limitation is set out in IC 20-5-1 through IC 20-5-6 by specific
9	language or by reference to other law.
20	SECTION 7. [EFFECTIVE JULY 1, 2003] IC 5-10-8-6.7, as added
21	by this act, applies to a:
22	(1) self-insurance program established under IC 5-10-8-7(b)
23	to provide health coverage; or
24	(2) contract with a prepaid health care delivery plan entered
25	into under IC 5-10-8-7(c);
26	that is established, entered into, amended, or renewed after June
27	30, 2003.
	(Reference is to HR 1546 as introduced.)

(Reference is to HB 1546 as introduced.)

and when so amended that said bill do pass.

Representative Fry